

Written Submission for the Pre-Budget Consultations in Advance of the 2019 Budget

Submitted By

The Social Enterprise Council of Canada

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Specific Budget Recommendations:

- Provide supports and sufficient funding for **Canada's Social Enterprise Ecosystem**
 - Commit \$75 million over 3 years for Social Enterprise Ecosystem Project, S4ES, and adjust existing programs to meet same outcomes
- Support the implementation and funding of the **Social Innovation / Social Finance** recommendations submitted in July 2018 to Ministers Duclos and Minister Hajdu.
 - Commit \$375 million over 3 years
- Leverage greater taxpayer value through **Social Procurement** policies across government of Canada's existing purchasing choices and infrastructure investments
 - Commit \$15 million over 3 years for training, deployment, and measuring.
- Make the necessary program adaptations and adjustments to open all existing **SME government supports to social enterprise** business models
 - Commit \$5 million over 2 years for training and transition supports
- Encourage the **regulatory and legislative changes to allow social enterprise to grow and thrive.**
 - Commit \$3 million over 3 years for engagement, planning and transitions

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Narrative:

Globally, nationally and locally, we are learning that we no longer can merely 'grow the economy' and also expect to build healthy local communities. The 'changing economic landscape' means we are moving from the traditional exclusively economic, extraction-based, profit-driven market place to a multifaceted social value market place. As we have for generations, we will continue to trade goods and services, but now the trading will be valued on multiple capitals and community transformation, not just economic transactions.

The 2019 Federal budget should invest sufficient financial support and establish a policy framework to help Canadians adapt to the emerging and "the changing economic landscape" that blends financial, environmental and social values – where healthy communities come before individual wealth.

When we accept this emerging reality, the Federal Budget should provide the required programs and invest the appropriate budget amounts that indicate that "the federal government can take [steps] to support and/or encourage Canadians and their businesses to grow the economy".

Healthy communities will be built upon investments that accrue from community capital not merely financial capital.

The government must redefine 'competitiveness' within the Federal Budget from merely financial investments in the traditional economy to be focused on investing in the health of our communities. Canada will 'win' on the international competitiveness field when we have healthy local communities. More economic wealth for just some individuals while many others face poverty, homelessness, un- and under-employment and social isolation is a failed economy.

To achieve this goal of inclusive economies we also have to adjust the definition of 'businesses' to include social enterprise as a key element of the evolving and emerging SME landscape.

The Federal Government allocates the Budget, which directs resources and instructs program delivery activities that drive the type of economy – investments and priorities - that will define the nature of our communities.

In light of the changing economic landscape we recommend that the 2019 Federal Budget:

Provide funding and program support for Canada's social enterprise ecosystem

Social enterprises are businesses that are driven by a social, environmental or cultural purpose. They reinvest the majority of their profits back into their mission, prioritizing the interests of their community stakeholders over shareholders.

Like any business, social enterprises require a supportive ecosystem to develop, grow and scale. The federal government should support and invest in specific elements that compose the social enterprise ecosystem:

- Skills and capacity building
- Access to appropriate, flexible, and patient capital
- Access to markets through social procurement policy and practices
- Measurement tools and resources focusing on community capital achievements
- Supportive public policy environment
- Knowledge sharing

Support the Implementation and Funding of the Social Innovation / Social Finance Recommendations:

In June 2018 recommendations from the ESDC appointed Social Finance /Social Innovation Steering Group were submitted to Ministers Duclos and Hajdu. The finance committee should endorse their goals, support the recommendations, and commit substantial funds over the next ten years to achieving their objectives.

Support Social Procurement Policy, Practice and Measurements:

The finance committee should place expectations across all ministries to utilize the existing government of Canada's purchasing choices and infrastructure investments to leverage social, economic and environmental values for local communities. This directive from the budget will support and accelerate the substantive work and pilots underway at Public Service Procurement Canada, Infrastructure Canada and ESDC.

Open all existing SME government supports to social enterprise business models

As businesses in the 'changing economic landscape' of a social value market place social enterprise requires the same program and financing supports as all other businesses.

The federal government budget should mandate that all Ministries that provide SME services and financing make the necessary program adaptations and adjustments to allow non-profit, charitable, and other social enterprise models to access them. Programs like the BDC should now prohibit loans to non-profits. ISED and their Regional Development Agency programs, like Community Futures, should be completely accessible and inviting to social enterprises.

Encourage the regulatory and legislative changes to allow social enterprise to grow and thrive

The social enterprise sector has grown significantly in the last 15 years. Most current non-profit and charitable legislation and regulatory programs impacting social enterprise business models were formulated and enacted much earlier in time, without appropriate consideration of social enterprise. As fundraising and government coffers decline, the concept of a social enterprise operated by a non-profit or a charity to further its mission and/or to generate mission related income should be encouraged not prohibited or restrained.